

Public Consulting Group

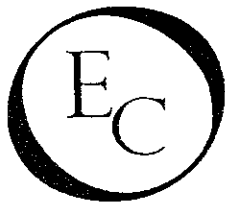
**Report on Michigan Administrative Outreach Program
and on the Suitability of the Design and Operating
Effectiveness of Its Controls
For the Period July 1, 2010 through June 30, 2011**

Prepared Pursuant to
Statement on Standards for Attestation
Engagements (SSAE) No. 16

Public Consulting Group
Report on Michigan Administrative Outreach Program and on the
Suitability of the Design and Operating Effectiveness of Its Controls

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E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Service Auditors' Report

To the President of the Public Consulting Group
148 State Street, 10th Floor
Boston, Massachusetts 02109

Scope

We have examined Public Consulting Group's description of its Michigan Administrative Outreach Program (MIAOP) throughout the period July 1, 2010 through June 30, 2011, and the suitability of design and operating effectiveness of controls to achieve the related control objectives stated in the description. The description indicates that certain control objectives specified in the description can be achieved only if complementary user controls contemplated in the design of MIAOP's controls are suitably designed and operating effectively, along with related controls at Public Consulting Group. We have not evaluated the suitability of the design and operating effectiveness of such complementary user entity controls.

Service Organization's Responsibilities

In Section 2 of this report, Public Consulting Group has provided an assertion about the fair presentation of the description and the suitability of design and operating effectiveness of the controls to achieve the related control objectives stated in the description. Public Consulting Group is responsible for preparing the description and for the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

Service Auditors' Responsibility

Our responsibility is to express an opinion on the fairness of presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating

effectively to achieve the related control objectives stated in the description throughout the period from July 1, 2010 to June 30, 2011.

An examination of description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of presentation of the description of the system and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion in Section 2 of this report. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become inadequate or fail.

Opinion

In our opinion, in all material respects, based on the criteria described in Public Consulting Group's assertion in Section 2 of this report,

- a. The description fairly presents the MIAOP that was designed and implemented throughout the period July 1, 2010 to June 30, 2011.
- b. The controls related to the control objectives stated in the description of MIAOP were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2010 to June 30, 2011, and user entities applied the complementary user entity controls contemplated in the design of Public Consulting Group's controls throughout the period July 1, 2010 to June 30, 2011.

- c. The controls tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively through the period July 1, 2010 to June 30, 2011.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section 5 of this report.

Intended users and purpose

This report and the description of tests of controls and results thereof in Section 5 of this report are intended solely for the information and use of Public Consulting Group, user entities of MIAOP during some or all of the period July 1, 2010 to June 30, 2011, and the independent auditors of such user entities, who have sufficient understanding to consider it, along with other information including information about the controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than those specified parties.

E.C. Ortiz & Co., LLP

Chicago, Illinois
February 10, 2012

Assertion by Management of Public Consulting Group

We have prepared the description of Michigan Administrative Outreach Program (MIAOP) for user entities of the system during some or all of the period July 1, 2010 to June 30, 2011, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements. We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the MIAOP system made available to user entities of the system during some or all of the period July 1, 2010 to June 30, 2011, for processing their transactions. The criteria we used in making this assertion were that the description:
 - i. presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including:
 - 1) the types of services provided including, as appropriate, the classes of transactions processed;
 - 2) the procedures, within both automated and manual systems, by which services are provided, including as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information prepared for user entities;
 - 3) the related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities;
 - 4) how the system captures significant events and conditions, other than transactions;
 - 5) the specified control objectives and controls designed to achieve those objectives, including as applicable, complementary user controls contemplated in the design of the service organization's controls;

- 6) other aspects of our control environment, risk assessment process, information and communication systems (including related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the system.
 - ii. does not omit or distort information relevant to the scope of the MIAOP, while acknowledging that the description is presented to meet the common needs of a broad range of user entities of the systems and their financial statement auditors, and may not, therefore, include every aspect of the MIAOP system that each individual user entity of the system and its auditor may consider important in its own particular environment.
 - iii. includes relevant details of the changes to the MIAOP system during the period covered by the description.
- b. The controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period July 1, 2010 to June 30, 2011, to achieve those control objectives. The criteria we used in making this assertion were that:
- i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management;
 - ii. the controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
 - iii. the controls were consistently applied as designed and manual controls were applied by individuals who have the appropriate competence and authority.

Signed on behalf of Management of Public Consulting Group

Medicaid School Based Administrative Outreach Program Claiming in Michigan

I. Overview and Background

The Michigan Medicaid Administrative Outreach Program (AOP) is a Medicaid program administered through the Michigan Department of Community Health (MDCH), the single state agency overseeing Medicaid services in Michigan in accordance with Title XIX of the Social Security Act.

Section 1903 (C) of the Social Security Act allows Medicaid reimbursement for certain covered medical services provided to disabled Medicaid eligible children when services are documented in the child's Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP).

Under the Medicare Catastrophic Coverage ACT, as amended in 1988, Medicaid payments are allowed for services provided to eligible children under the Individuals with Disabilities Education Act (IDEA).

In 1993, Michigan's Medicaid Program added School Based Services (SBS) as a covered benefit by amending its Medicaid State Plan. The SBS direct health care element is also known as the Fee-for-Service (FFS) component. Through this option, Medicaid funding reimburses enrolled school districts for health care services provided to students enrolled in Special Education, who are Medicaid beneficiaries.

Medicaid is an open-ended entitlement program, which requires a state/local match. In Michigan, the program is designed so that funds used for outreach activities, which have historically been done by school districts, can be used as the state/local match. In this way, federal funds are obtained without additional program expenditures by the State or intermediate school district (ISD). In other words, schools use pre-existing activities to draw Medicaid funds.

In 1996, Michigan initiated the Early Periodic Screening, Diagnosis and Treatment (EPSDT) Administrative Outreach services, the second component of the SBS program. It provides for reimbursement to the districts that are working to identify school children that are uninsured and may qualify for Medicaid coverage. The purpose of the program is to ensure access to eligible individuals to Medicaid services. Most frequently used services by school districts are as follows:

- Audiology
- Nursing
- Physical Therapy
- Occupational Therapy
- Counseling Services
- Speech Therapy

All 57 Michigan Intermediate School Districts (ISDs) and the Detroit Public Schools (DPS) and Michigan School for the Deaf and Blind are currently enrolled as Medicaid Providers in the AOP and are reimbursed for the following activities (but are not limited to):

- Assisting students/families apply for Medicaid
- Identifying children with health issues
- Referring students for health services
- Coordinating/monitoring Medicaid covered health service delivery systems
- Developing programs and planning for the delivery of health services

Medicaid Reimbursable Programs

Under the School Based Services program, claims are processed for the two components – Direct Medical Services or “Fee for Service” (FFS) and Administrative Outreach Program (AOP).

The FFS program reimburses schools for the cost of providing direct medical services to the special education Medicaid student population. The AOP provides reimbursement for administrative activities required to identify, manage, refer and develop programs for children at risk of academic failure due to an underlying health issue, including mental health.

The AOP documentation requirements are quite different than those for the FFS program. Generally, the FFS program requires specific documentation of every encounter, while the AOP is reimbursed for activities that are performed throughout the quarter and captured by 3000 random moment time study moments per cost pool that cover the entire quarter. The time study results determine the appropriate level of Medicaid reimbursement that each participating ISD receives.

The Role of Public Consulting Group

Effective January 1, 2004, Medicaid implemented a new claims development methodology for the AOP portion of the SBS program. The new method includes the following:

- A random moment time study using the Medicaid Administrative Claiming System (MACS) software
- New time study activities
- Two options for claims development
- Establishment of central administrative responsibilities
- A single method of determining the discounted Medicaid eligibility rate
- A special monitoring system

- A revised provider "Assurance of Understanding and Compliance" document.

The Public Consulting Group (PCG) is selected as the contractor for the implementation and operation of the random moment study (RMTS) in a competitive bidding process. Contract with the State of Michigan is for the period October 1, 2006 through September 30, 2009 and extended until September 30, 2015 to include claims development process for ISDs.

The primary goals for PCG are to collect financial and time study data, and generate claims for the school-based AOP. Additional responsibilities are:

- Implement a Quality Assurance and Quality Control process.
- Administer the Medicaid Administrative Outreach Program by sending, collecting, and performing quality checks on participant staff pool lists, participants' time studies, and districts' financials.
- Conduct comprehensive training and provide technical assistance.
- Calculate and submit claims for the ISDs.

On behalf of the participating ISDs, PCG submits ten quarterly claims per year to MDCH, one for AOP and one for Direct Service. The July-September quarter is split in half resulting in four (4) claims. PCG then sends the claims to MDCH that forwards them to Center for Medicare & Medicaid Services (CMS) for payment. Once the claims are accepted and processed by CMS, MDCH sends reimbursement to the ISDs.

Implementing the School-Based Administrative Outreach Program in Michigan

1. *Enrollment Requirements*

ISDs that wish to participate in the Administrative Outreach Program in Michigan must follow the steps below to obtain reimbursement through the AOP:

- Select a staff person(s) to become the liaison(s) on the AOP with PCG. Likely liaisons are members of the ISD leadership for the special education staff, assistant administrators or someone from the finance staff.
- Identify staff that performs reimbursable administrative activities related to the development, delivery or follow-up of health related services based on State guidelines.

Note: No staff members paid with 100% federal funds can be included on the AOP or Direct Service staff pool lists.

- Distribute paper-based random moment time study notifications generated by PCG on a weekly basis and follow-up with participants to make sure they

complete their moments. In some ISDs, electronic notifications are automatically sent to the participants from the system.

- Complete a quarterly financial workbook identifying the salary, benefits and other expenditures associated with the staff participating in AOP and Direct Service in each ISD. As of the quarter pertaining to January-March 2011, financials are submitted via a web-based system. Some of the other expenditures might include staff travel, employee training, and supplies/materials. Training guides and a hotline are provided to the financial contacts that complete the financial workbook or on-line submission to ensure understanding of the program, that the proper data is provided, and the required reporting methodology is used.
- Maintain documentation for audit purposes. This documentation includes financial information as well as staff pool list development paperwork. ISDs must maintain supporting documentation for a minimum of seven (7) years.

2. Staff Pool List Development

The identified district staff members who perform AOP related activities become "AOP participants" on the district's AOP Staff Pool List. A Direct Staff Pool List is also collected for those direct service staff members who perform AOP related activities. A representative sample of the participants on the AOP and Direct Service staff pool lists will be selected each quarter to participate in time study process, helping to determine the level of Medicaid reimbursement that the ISDs receive. The list below identifies the most likely school district personnel categories that may perform administrative functions.

- Speech Language Therapists (Non 3c's), Occupational Therapists & COTAs
- Physical Therapists, Physical Therapy Assistants
- Social Workers (MSW (Non-State Licensed) or BSW)
- Counselors
- Early Identification/Intervention Personnel
- Psychologists & Interns (Non-State Licensed)
- Psychiatrists (Non-State Licensed)
- Registered Nurses, Nurse Practitioners (Non-State Licensed)
- Audiologists
- Administrators
- Program Specialists
- Orientation and Mobility Specialists

Staff that directly supports one or more time study participants in conducting administrative activities can be included in the financial reporting, but they do not have

to complete the time study. These staff members are called Direct Support Staff. Staff examples include: Special Education Secretaries, Receptionists and Clerks.

3. Submitting the Staff Pool List

PCG assists ISDs with correctly identifying the types of staff that should be included. Upon completion, ISDs submit the staff pool list electronically to PCG via a web-based system. The staff pool list contains the participants' first name, middle initial, last name, district, ISD, job category, job status (Part-time, Full-time, or Contracted), and employee identification code. The staff pool lists must be submitted within the designated time assigned by PCG. Once received, the list is reviewed to ensure there are no errors.

The web-based system allows ISDs to inactivate participants no longer eligible to be included in the time study, add new or newly eligible staff to the staff pool list, and edit existing staff.

Information as to when the staff pool list is due is provided to the ISDs when each quarter's staff pool list update request is sent to the ISDs.

All ISDs have been submitting their staff pool lists via the web-based system since the October – December 2009 quarter.

4. Financial Schedules

Each quarter, the business contact for every district in each ISD that PCG works with is supplied with an Excel file, containing the name, position, and job status of each staff pool list participant. Each district is responsible for completing the file with the salaries, benefits, material and supply costs and travel expenses for each staff pool list participant. These financial costs are the basis for determining the level of Medicaid reimbursement that each district receives.

Beginning with the January – March 2011 quarter, Excel spreadsheets are no longer sent to districts. Instead, all financial contacts are supplied with a username and password to access a secure website to upload or enter their financial data. The data elements that are collected are the same as in the Excel spreadsheets.

Administrative Outreach Program claiming uses a modified cash basis of accounting. This means that all expenditures being claimed for a particular quarter must have been paid during the quarter. All administrative claims prepared on behalf of ISDs are consistent with Office of Management and Budget Circular A-87 (OMB A-87) federal cost allocation guidelines. This information comes directly from the districts. The following list describes the cost elements that comprise a cost pool:

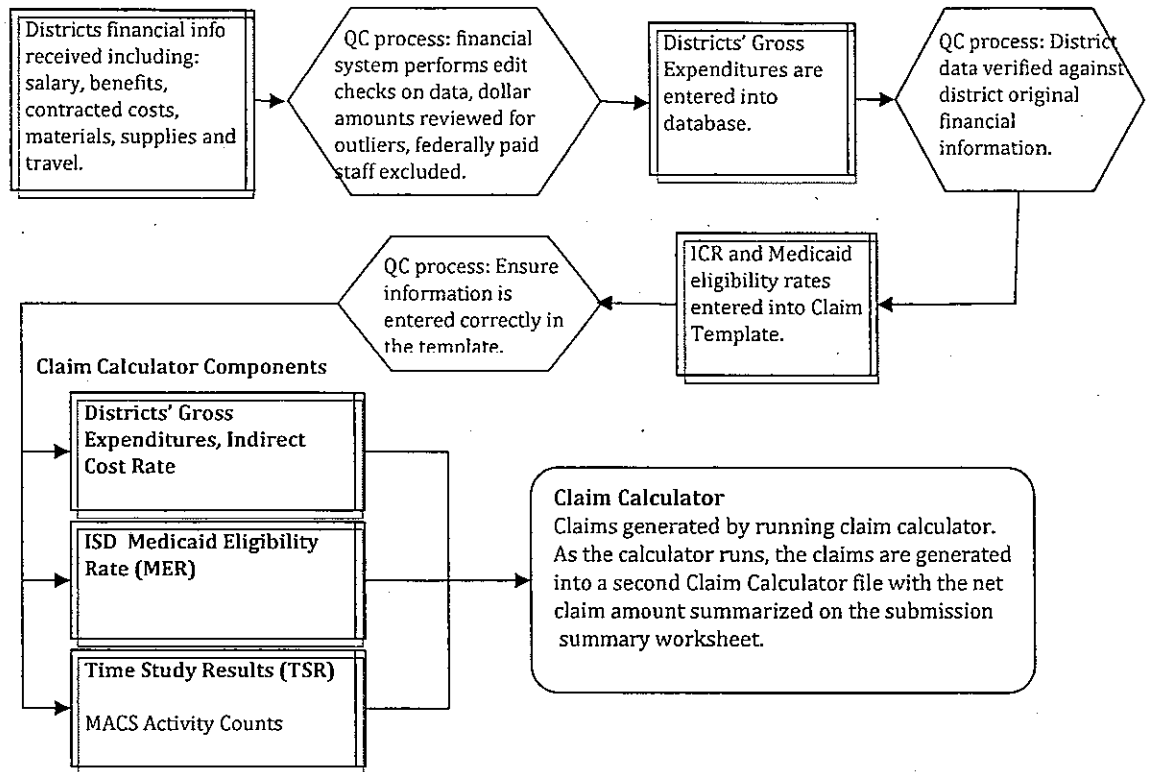
- *Salaries* – Salary expenditures for the quarter are an allowable expense and are defined as the gross salary paid to a staff member for the quarter. Salaries, like all costs, are allowable on a cash basis. Therefore, salary costs are included in the administrative claim in the quarter in which the employee is paid and not based on when the services are rendered for that payment.
- *Fringe Benefits* – Allowable fringe benefits include: Health Insurance, Life Insurance, Dental Insurance, Disability Insurance, Pension (payments made to the State Teacher's Retirement fund on behalf of AOP time study participants are an AOP allowable expense), Medicare and Social Security Tax (FICA), Unemployment Insurance, and Worker's Compensation.
- *Material and Supply Costs* – Operating costs known as material and supply costs are non-salary expenditures paid during the current quarter for items/services in support of the personnel included in claim.
- *Travel and Training* – Travel and training costs covers such costs that are non-salary expenditures paid during the current quarter such as travel cost and dues/fees associated with participants on the staff pool list.
- *Dues and Fees* – These costs cover any expenses that are paid for the participant in order to maintain their credentials or expenses for any fees to belong to an organization.
- *Allocation of Salaries and Benefits of the Direct Support Staff* – Examples of direct support staff may include clerical personnel. Salaries and benefits of the direct support staff need to be allocated to the claim based upon the ratio of time the support person supports the participant listed on the staff pool list.

Note: The districts are responsible for the accuracy of the data submitted to PCG for inclusion into the claim calculation process.

5. Time Study

A sample of the staff pool list participants will be selected each quarter to complete a random moment time study. A random moment is one minute of a participant's day. The purpose of the time study is to determine the level of claimable activities the participants perform. Staff members normally perform a number of activities, some of which are claimable under AOP, and some of which are not. Sorting out the portion of the participant's activity that is claimable to AOP and to non-Medicaid service programs requires an allocation methodology that is objective and empirical (i.e., based on documented data). The time study is representative and reflects how participants' time is distributed across a range of activities and a range of days.

PCG AOP Claim Generation Process Flow



II. Control Environment

Operations are under the direction of the president and principals. PCG employs a staff of about 800 people serving clients throughout the United States of America, Canada, and Eastern Europe.

Written position descriptions for employees are maintained by the human resources department. The descriptions are reviewed annually and revised as necessary.

References are sought for all PCG personnel hired. The confidentiality of user-organization information is stressed during the hiring process and is emphasized in the personnel manual issued to each employee.

III. Risk Assessment

PCG has placed into operation a risk assessment process to identify and manage risks that could affect PCG's ability to provide reliable information. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures to address those risks.

IV. Monitoring

PCG's management and supervisory personnel monitor the quality of internal control performance as a routine part of their activities. To assist them in this monitoring, a blueprint committee is set up to perform periodic reviews of the administrative claiming process to ensure compliance with the requirements of the State of Michigan.

V. Information and Communication

PCG has implemented various methods of communication to ensure that all employees understand their individual roles and responsibilities over transaction processing and controls, and to ensure that significant events are communicated in a timely manner.

PCG maintains a toll-free hotline in order to assist participants in completing the time study and with any questions that may arise. In order to facilitate the response time, numerous staff members can answer the toll-free line. The toll-free line also has a voice-mail feature that is checked regularly by staff. Supervisors or senior staff is available to answer any questions that cannot be resolved at the time of the initial call.

VI. Control Objectives and Related Controls

PCG's control objectives and related controls are included in Section 5 of this report. Although the control objectives and related controls are presented in Section 5, they are an integral part of PCG's description of controls.

Other Information Provided by the Service Organization

As a state and local government (SL&G) management consulting and technology services firm assisting health and human services, education, and other SL&G agencies and departments, Public Consulting Group, Inc. (PCG) business is data centric. As the trusted custodian of PCG client's, and their constituent's sensitive information, including Personal, Private and Personal Health Information (PI and PHI), as defined in current and evolving federal and state data privacy and data protection laws, PCG takes the role of protecting this information compliant to applicable law seriously.

PCG maintains a Written Information Security Program (WISP). The WISP document is intended to describe PCG's policy, controls and processes to ensure compliance to these laws. It provides the references to PCG current policy such as Information Security General Use Policy (ISGUP), the Information Security Technology Operations Policy (ISTOP), and the Cyber Incident Response Plan (CIRP).

The implementation of the WISP is the shared responsibility of the PCG Information Security Office, PCG Information Technology Department, PCG Management and PCG Users. The security program is designed to provide the maximum reasonable protection and security for all confidential and protected information that PCG receives and uses. The program identifies the likely security risk areas and establishes practical safeguards to eliminate or minimize the risks.

Network Use Policy

All network Log-In Scripts shall display a warning and disclaimer, which shall have been prior approved by the Information Technology Department. All Users shall read and comply with the terms of such Log-In Scripts.

Computers

Public Consulting Group provides selected members of its workforce with portable computer equipment so that they can perform their jobs at remote locations including hotel rooms and personal residences. The information stored in these computers is Public Consulting Group property, and like the equipment, it shall be returned to Public Consulting Group at the time Users are no longer employed by Public Consulting Group.

All Users shall employ the following minimum information security measures relating to their use of their notebook and desktop computers: (1) password; (2) encrypted partition for all stored data; (3) cable lock applied at all times while at client sites and on Public Consulting Group premises; (4) personal computers locked away when not in use.

Users shall keep Public Consulting Group portable computers in their possession at all times unless they have been deposited in a secure location such as a locked closet or a hotel safe.

Users shall take all reasonable steps to prevent such equipment being exposed to theft or damage.

Ownership

Public Consulting Group has legal ownership of the contents of all files stored on its computer and network systems as well as all messages transmitted via these systems. Public Consulting Group reserves the right to examine all information stored in or transmitted by these systems. Since Public Consulting Group's computer and communication systems shall be used for business purposes only, users should have no expectation of privacy associated with any personal information they store in or send through these systems.

Passwords

Users shall comply with standards developed by the Information Security Office (ISO) to minimize the risk that a User password selection could become accessible to unauthorized individuals.

Subject only to existing systems limitations, all passwords shall have at least eight (8) characters and contain at least one alphabetic and one non-alphabetic character. All user-chosen passwords for computers and networks shall be difficult to guess. Passwords shall never be shared or revealed to anyone else besides the authorized User. Periodic password changes shall occur at intervals of not more than 60 days.

Outside Connectivity (Point-to-Point, Frame-Relay, VPN)

PCG has the capability to establish Virtual Private Network (VPN) connections with outside parties such as clients and business partners. Such connectivity originates at their Tier 1 data center facility which serves as a single network entry-point. This helps ensure the best possible network resilience and physical security. All VPN connections established with outside parties are individually evaluated for security and must be approved in their internal change control process.

Data Backup Procedure

Electronic data that is housed within the PCG data center is backed up on a regular basis and stored offsite. Below is a general description of the process that data follows in the backup cycle.

PCG backups fall into three categories – Database Data, Content and Physical to Virtual (P2V)/Virtual. Full backups of SQL Server databases are performed every night. SQL Server performs backup by writing a full copy to a local disk drive where it is then collected by backup software and written to our centralized data de-duplication device. The backup software also captures both content and physical/virtual machines and writes to the same de-

duplication device using both incremental and full backup methods. This device then replicates data across our private MPLS network to our secondary location.

Data is maintained with a rotation similar to traditional Grandfather-Father-Son approach. Full backup are kept for a period of seven days. Weekly backup are kept for 12 weeks. Quarterly backups are kept for one year, with duplicate quarterly data written to tape and transported to a secure facility where it is kept for predefined periods based on the data and contractual obligations. Annual backup is done the last day of each year and kept indefinitely.

PCG utilizes WAN acceleration devices to provide high speed access to data center resources from remote locations which reduces the requirement for localized file servers. In cases where data is required to be stored at remote locations, it is replicated to the data center where it is included in the process above, or it is backed up using local backup software, transferred to tape and rotated offsite.

PCG has contracted with a third-party vendor to transport and store offsite tape backup media. Tapes are kept in climate controlled, highly secure facility.

Control Objectives, Related Controls, and Independent Service Auditors' Test of Operating Effectiveness

MEDICAID ELIGIBILITY RATE COMPUTATION

Control Objective 1

Controls should provide reasonable assurance that the Medicaid Eligibility Rate (MER) for each Intermediate School District (ISD) is properly calculated.

Description of Controls

Each ISD submits to Center for Educational Performance and Information (CEPI) its student information file. Each file is audited by the state and is available approximately six months after the actual survey date. CEPI sends a summary by county of the statewide student information files to PCG. Michigan Department of Community Health (MDCH) provides PCG the Medicaid eligibility files by ISD. The ISD's MER is then calculated by dividing the number of students who are Medicaid eligible by the total number of students by ISD. This calculation is checked for accuracy by a second PCG staff person.

The summary files are requested twice a year, one file will contain the student counts from September and the second file will contain the student counts from February. These summary files are matched to Medicaid enrollment files for the corresponding months (September and February).

Per the MSA bulletin from October 15, 2003, the MER calculated using the September counts will be used in the October-December and January-March claims. The MER calculated using the February counts will be used in the April-June and July-September claims.

Test of Operating Effectiveness

- Obtained the MER calculation worksheets for February 2010, September 2010 and February 2011, and ensured all rows in the worksheet has consistent formula defined; that is, Medicaid student count divided by total student count.
- Obtained copy of February 2011 student count received by PCG from CEPI used in quarter 2011 Q2 (Apr-Jun 2011) and traced accuracy of numbers used in the MER calculation worksheet.
- Traced MER value in the calculation worksheets for sample ISDs to the corresponding quarter's claims calculation worksheets.

Test Results

No relevant exception was noted.

TIME STUDY COMPILATION

Control Objective 2

Controls provide reasonable assurance that selected participants in the Time Study process are notified of participation requirement and that data entered into the claim calculation system accurately reflects information provided by participants.

Description of Controls

The purpose of conducting the time study is to determine the percentage of time spent on health-related administrative activities that support direct health services provided by a district's clinical staff. These percentages are calculated by compiling the time study results. The RMTS system reports the time study units by activity code.

Forms coded as code 18 or determined invalid are not included in the calculation of time study activity percentages.

ISD contacts are required on a quarterly basis to review and update their staff pool list to identify who meets the qualifications of the program. The ISD staff members are placed into the RMTS system for the purpose of generating the sample. A validity check of the time study results is completed each quarter prior to the calculation of the claim. The validity check ensures that the minimum number (2401) of responses is received each quarter to meet the 95% confidence level with a +/- 2% precision level. Current quarter time study results are compared against those of the previous time study quarter. More staff is selected than the minimum required meeting the validity levels. The number of completed and returned time studies is analyzed to confirm that the confidence level requirements have been met. Once the validity of the sample has been confirmed, the time study results are calculated and prepared for the calculation of the quarterly claim.

Test of Operating Effectiveness

- Obtained copy of the final summary of RMTS results and ensured that the minimum number of responses was received to meet the 95% confidence level with a +/- 2% precision level by comparing total number of responses with the minimum number of responses which is 680 for the summer quarter and 2,401 for the regular quarters.
- Selected sample moments from the master sample files pertaining to the selected ISDs and obtained responses for each sample moment. Determined if participants

completed the time study questionnaires within the time period allowed and if the activity was appropriately coded.

- Obtained all moments for one quarter, 2011 Q2 extracted in the presence of auditor and recomputed the summarization of the random moment counts per activity using pivot function in excel. Traced results to the 2011 Q2 RMTS final results obtained by PCG.
- Recomputed RMTS percentages using the final number of moments per activity both for AOP and Direct Service for the four quarters.
- Recomputed the general administrative overhead factor (GAOF) for the sample ISDs. Formula is sum of activity codes 1 and 3, plus results of sum of activity codes 5, 7, 8, 10, 11 and 14 multiplied by MER of specific ISD. The sum is then divided by the sum of codes 1 – 17 less the activity code 16.
- Traced the recomputed GAOF for sample ISDs to the rate used in the quarter's claim calculation worksheets.

Test Results

No relevant exception was noted for time study compilation. However, recomputation of the general administrative overhead factor which is used in the claims calculation showed error in the rate used by PCG for 2011 Q2 (Apr – Jun 2011) quarter. Please see related discussion in Control Objective #4 Claims Processes and Calculations.

COST DATA COMPILATION

Control Objective 3

Controls provide reasonable assurance that cost data entered into the system accurately reflects the data received from the school districts.

Description of Controls

As a part of the financial training, all districts in each ISD receive the AOP Financial Guide. This guide provides districts with detailed instructions on what information is needed by the district, how to upload or enter financial data into the web-based system, how to make any adjustments, and also includes base AOP information for the business contacts to have a working knowledge of the AOP program. The guide also provides the business managers with screen shots and step by step instructions for completing. The financial guide is updated whenever a change in methodology is made and is reviewed yearly to see if any changes or enhancements are needed.

The quarterly financial reporting is based on the participant staff pool list for the designated quarter. For instance, the staff pool list that was generated to be used for the time study sampling for the October – December selection will be the same staff pool list used to create the October – December financial schedule.

The financial system allows districts to manage their own contacts. PCG uses this contact list to send notifications and reminders about due dates and trainings via email. Prior to the implementation of the online financial system, PCG maintained a list of financial contacts for LEAs and used this list to send the financial workbooks each quarter.

The districts are required to complete the financial data workbook, reporting quarterly costs associated with the AOP participants. The file is electronically sent to the district within a few days of the end of the quarter. The districts have 45 days once they receive the financial schedule to complete and submit the financial workbook. Once the district has completed the financial workbook, the business contact returns the entire financial workbook to PCG via e-mail and faxes a signed copy of the Local Education Agency (LEA) summary.

With the implementation of the statewide online financial reporting process starting January to March 2011 quarter, the AOP participants directly update the online financial templates in the web-based system thus streamlining the financial reporting for the schools and saving time and resources by allowing electronic input and cost certification.

Financial training for online financial reporting process was provided to one representative of each LEA and ISD in April 2011. Additional financial training is provided at the request of the ISD or MDCH.

Under the statewide financial reporting process, the districts are required to enter their costs associated with AOP participants to the financial system. The system opens within a few days of the end of the quarter and notification sent via email to contacts. The districts have 45 calendar days to complete and submit their financial data. As financial data is entered, financial edits are built-in the system to check for reasonableness and errors. Exceptions to the business rules defined are reported for correction or justification.

Once the district has completed entering their costs and all edits are cleared, the submitted costs are certified. Users from the districts who are authorized to certify must have completed the required Electronic Signature Verification Statement (DCH-3890) and submitted it to the state for approval. Users are specifically assigned certification rights in the system based on the approved electronic signature verification form. The certification is date and time stamped in the system. Once cost data are completed and certified, the quarterly certification report is available in the web-based system.

PCG performs comparisons of expenditures to identify, at a high level, whether costs appear to be reasonable. Any material discrepancies are investigated. If acceptable explanations are

not found for material cost discrepancies, those costs are excluded from the claim. The accuracy of the submitted financials must be certified by the districts and will be documented in the financial system. This certification is the electronic signature of the district confirming the amounts listed.

Test of Operating Effectiveness

Financial Workbooks

- Obtained certified financial workbooks for sample ISDs for the 2010 quarters and checked accuracy of the total cost reported for AOP and Direct Service staff.
- Traced total cost for AOP and Direct Service to claims calculation worksheets.
- In cases where there is a revised claims calculation worksheet, ensured that a subsequent certification for the revised cost data is on file.

Web-Based Financials

- Obtained from the MCRCS site the quarterly certification for cost data of sample ISDs for the 2011 quarters and traced total cost pool amount reported for AOP and Direct Service to the claims calculation worksheets.
- In cases where there is a revised claims calculation worksheet, ensured that an adjustment quarter for the revised cost pool is available in the MCRCS site.

Test Results

No relevant exception was noted.

CLAIM PROCESSES AND CALCULATIONS

Control Objective 4

Controls provide reasonable assurance that the calculations and processes performed by the system conform to the federal/state regulations and policies that provide the framework for the PCG claiming procedures.

Description of Controls

Claims calculation is automatically performed using an excel file called claim calculator. One file is used for AOP claims and another file used for the Direct Service claims. The claim calculator is updated manually for each quarter with the following components:

1. Medicaid Eligibility Rate

Computed Medicaid eligibility rates (MER) are entered in the claim calculator workbook for each of the listed Intermediate School District (ISD). The MER rate is applied to the RMTS percentage for each activity where services are rendered for both Medicaid and non-Medicaid eligible students.

2. Indirect Cost Rate

The annual unrestricted indirect cost rate provided by Michigan Department of Education (MDE) is entered for each of the Local Educational Agencies (LEA). The maximum rate used is set to 25%. This indirect cost rate is then applied to get the additional claim amount to determine the total gross claim for each LEA.

3. Final RMTS Results

Number of moments for each activity is entered both for the AOP and Direct Service claim calculator. RMTS percentage of each activity is computed by dividing the number of moments of an activity over the total moments excluding the invalid responses. The resulting RMTS percentages are used for all the ISDs during the quarter.

4. General Administrative Overhead Factor (GAOF)

The resulting RMTS percentages are used to compute for the general administrative overhead factor. GAOF formula considers the activities where related expenses are allowable and thus covered by Medicaid but subject to the discounted MER. The computed GAOF is then applied to the activity percentage of code 16 General Administration, reducing the gross claimable amount particular to general administration expenses.

5. Federal Financial Participation (FFP) Rate

ISDs/DPS request reimbursement in the form of federal matching funds/federal financial participation (FFP) for the costs of administering the program. Effective January 1, 2003, ISDs/DPS bills at the FFP rate of 50% for allowable medically necessary administrative activities provided by SPMPs and their direct support staff if certain professional education, training, and supervision requirements are met. Thus, for each quarter, half of the gross claim amount is actually submitted to Medicaid for reimbursement.

6. Cost Pool Data

Certified financial data for AOP and Direct Service cost pools are entered in the claim calculator per LEA based on the financial workbooks for quarters prior to January 2011. For 2011 quarters, financial data are based on the claim calculator report generated from the web-based system. Each LEA's cost pool amount is then multiplied with the activity percentage to get the gross claim amount. For activities shared by Medicaid and non-Medicaid students, the activity percentage is discounted

equivalent to the MER rate. For the general administration activity (code 16), the activity percentage is further reduced with the computed general administrative overhead factor (GAOF). Resulting gross claim amount after activity percentage, discounted MER, and GAOF are then multiplied with the FFP rate to get the net claim amount.

Once all components in the calculator are entered, a quality review is performed and then the macro program is invoked to compute the net claims amount. The claims document is generated together with certification page and reviewed by the project manager before submission to the ISDs for final review.

Test of Operating Effectiveness

- Obtained copy of the 2011 Q2 (Apr – Jun 2011) claim calculator for AOP and Direct Service and traced the following components in the claim calculation from source.
 - Medicaid eligibility rate to the MER worksheets
 - Indirect cost rate to file provided by Michigan Department of Education (MDE), with cap set to 25% based on MDE Bulletin issued in August 2006
 - Total moments per activity to the final RMTS results
 - AOP cost pool and Direct Service cost pool to the quarterly financial certifications
 - FFP rate used is 50% based on MSA Bulletin 03-004 effective 1/1/2003
- Obtained copies of the claims calculation worksheet for the sample ISDs and traced each component to the supporting source of information. Verified the formulas in each of the LEAs under the sample ISD are consistently applied.
- Inquired about the evidence of review and approval on the claims calculation worksheet and the resulting claims submitted to ISD for review and filed to MDCH

Test Results

The time study results of 2011 Q1 (Jan – Mar 2011) were used in the 2011 Q2 claim calculator resulting to wrong claim amount filed for all ISDs for Apr – Jun 2011 for both the AOP and Direct Service. PCG immediately corrected this and included the adjustments in the next quarter claim processing. As remediation, review of the claim calculator components will be evidenced by sign-offs in the monthly checklist to be implemented starting 2011 Q4.

No other relevant exception was noted.

RECORDS STORAGE AND RETENTION

Control Objective 5

Controls provide reasonable assurance that copies of claims submitted, with the appropriate claim input supporting documentation normally provided to the service center in preparation of the claim, are retained for a minimum of six years in appropriate storage locations.

Description of Controls

Manual Files

Original documentation of all input forms provided by Michigan ISDs and school districts and corrections made to that data, if any, are filed and stored in standard sized storage boxes which are clearly labeled as to their contents.

Boxes are stored in the PCG office for up to six months and then stored at a secure off-site storage facility. An inventory list of all storage boxes sent for offsite storage is maintained in an excel file indicating the barcode number assigned to the box, the description of contents and the date picked up for storage and the box status.

Once documents are sent offsite, retrieving documents will require advanced notice to contractor for specific box to be delivered at PCG Chicago office.

Electronic Files

Beginning with the January – March 2011 claims, all documentation is stored in the web-based systems.

MIAOP web-based systems utilize the SQL Server database version which is capable of hourly transaction logs. The database servers housed within the PCG data center and at PCG locations are backed up on a regular basis and stored offsite in the event of a disaster or data loss.

Full backups of SQL Server databases are performed daily by writing a full copy of data to a local disk drive where it is then collected by backup software and written to the centralized data de-duplication device. The backup software captures content from NAS devices, file servers as well as copies of virtual guest-machines using incremental, full and snapshot backup methods. The de-duplication device then replicates data across PCG's private network to a secondary location.

Test of Operating Effectiveness

Manual Files

- Evaluated ability to retrieve documentation by requesting certified financial workbooks for the sample ISDs.
- Validated the inventory list of MIAOP records against the complete inventory list of records kept at offsite storage – R4 Storage, 1301 West 35th Street, Chicago, Illinois 60609.
- Inspected storage boxes in PCG office. Those boxes issued out from storage are marked “O” in the box status in the inventory list. Those new boxes still to be attached a barcode label will be transferred to offsite storage after audit.

Electronic Files

- Obtained screenshot of the backup software configuration and determined that copy of web-based system data in local drive of NAS servers and in the virtual servers is included in the collection of files for transfer to secondary location, Data Domain device.
- Obtained screenshot of the backup schedule and determined the frequency of full backup run.
- Obtained screenshot of the retention policy defined in the backup software and determined rules for the weekly full, monthly full and annual full backups.
- Obtained screenshot of the schedule of copying data to tape and determined frequency of daily tape copy.
- Obtained screenshot of continuous protection server (CPS) server configuration and determined data at Chicago location is replicated across the PCG private MPLS network to the secure data center.
- Ascertained backup data in tapes are kept in the offsite storage.

Test Results

No relevant exception was noted.

PHYSICAL AND LOGICAL SECURITY

Control Objective 6

Controls provide reasonable assurance that physical and logical access to computer systems is restricted to authorized personnel.

Description of Controls

Physical Security/Access:

Entry to the building is monitored 24 hours a day. Entrance/exit during non-work hours is only possible through the use of a photo/electronic pass or by an identification card (ex. driver's license) and signature. Access to the PCG office is limited to employees with key. The office is locked at all times, including during the workday. Non-key holders need to ring for access.

PCG houses their web-based financials and the time study system at their data center and co-location facilities. The data center is kept to conform to, or exceed standards on controls at a service organization relevant to security, availability, processing integrity, confidentiality, or privacy; and other industry standard certification. Contracted co-location facilities regularly undergo risk assessment to ensure that they are at low risk of outages, as well as flood, earthquakes, wind and other physical risk.

Notebook and personal computers have encrypted partition for all stored data. Cable lock is used at all time while at client and in PCG premises. Personal computers are locked when not in use.

Logical Security/Access:

PCG network users include employees, sub-contractors, independent contractors and end-users. All network users are assigned an account and are required to comply with the established password standards. All network login scripts display a warning and disclaimer which users must read and accept the terms provided, to gain access to the network.

Access to the web-based financials and the time study systems is granted to duly-authorized application users. Roles are defined and assigned to limit the access and rights based on their responsibilities.

For financials, PCG application administrator creates district administrator account who then can add financial site users. Financial site users enter the cost data for each quarter. Certification rights is enabled for designated financial site users only by the PCG application administrator based on approved request from Michigan Department of Community Health (MDCH).

For time study system, PCG RMTS Lead creates RMTS Contact user account for each intermediate school district (ISD). RMTS contacts then are authorized to add users as participants in the time study staff pool list. Participant users enter their responses to the time study questionnaire for the specified moment. Only the RMTS Lead has the content administrator role that can edit questionnaires, define email notification settings for responses, and generate master sample files. RMTS application administrator rights are granted to PCG team members who perform the review and coding of the time study results.

Stand-alone claim calculator is an excel file with macro program saved in a shared folder in a local computer in PCG Chicago office. The folder is accessible only and run by staff that is fully trained on the claim calculation system.

Test of Operating Effectiveness

- Ensured that physical access to the PCG office is properly secured by performing physical tour of the office noting that the office is locked at all times. Access is limited to employees with keys and non-key holders needed to ring for access.
- Observed logging into network and noted for display of the login script. All users must read the legal notice and must agree to terms of computer use.
- Obtained evidence for the review of all laptops for installation of encryption software tool.
- Ascertained only authorized staff is given access to the claim calculator and supporting claims worksheet files.

Test Results

No relevant exception was noted.

Complementary User Entity Controls

The controls described in this document cover only a portion of the overall internal controls for processing claims in Michigan. The user of this document should consider the MDCH and ISDs/LEAs' internal control elements in conjunction with Public Consulting Group's overall control environment and the specific controls in place in Michigan Administrative Outreach Program.

In addition, there are certain features of the controls that Public Consulting Group believes to be the responsibility of MDCH and ISDs/LEAs, subsequently referred to as user entities. PCG expects these controls are in place for each user entity and has considered them to be so in developing its own controls. Each user entity must evaluate its internal controls to determine if appropriate procedures are in place. PCG's list of control activities is intended to address only those controls surrounding the communication between the user entity's staff assigned to service accounts and PCG. Accordingly, this list should not be viewed as a complete listing of the control activities that provide a basis for the assertions underlying the financial statements of clients.

The list of user organizational control considerations presented here does not represent a comprehensive set of all the controls that should be employed by user organizations. Other controls may be required.

The following are user entity controls that the user auditor should consider in reviewing the client's financial statements and control environment. Each complementary user entity control applies to all control objectives unless specifically noted.

User Entity Controls

- Instructions and information provided to PCG from its clients and their designees (i.e., indirect cost rates, student counts, staff pool list, cost data) are accurate, complete and in accordance with the provisions of the service agreements or other applicable governing agreements or documents between PCG and the clients.
- Changes in the individual authorized to instruct PCG regarding activities on behalf of the client should be communicated to PCG on a timely basis.
- Timely review of reports provided by PCG of claim amounts and related activity is performed by client. If discrepancies exist, the client should provide written notice to PCG detailing the outstanding discrepancies.
- District administrators who create new user accounts in the web-based systems are responsible for control of access to the system.

- Data transmission like student counts are appropriately scheduled and reviewed for completeness and accuracies. Discrepancies are resolved timely.
- Adequate controls over physical and logical access to PCG systems at client locations should be established, monitored and maintained by the client.
- Clients are responsible for notifying PCG of personnel changes, including terminations and transfers. Local security officers are responsible for requesting and reviewing user access reports.
- Requests for changes to client configurations maintained by PCG, initiated by client, are appropriately authorized, tested and approved prior to implementation.

Information Provided by Service Auditors

Introduction

This report on controls on Michigan Administrative Outreach Program from July 1, 2010 through June 30, 2011 is intended to provide the interested parties with information sufficient to understand the flow of transactions within the PCG related to MIAOP and the controls and operating effectiveness of those controls tested that may affect the processing of claims transactions.

This report, when combined with an understanding of the internal controls in place at MDCH and ISDs/LEAs, is intended to assist user auditors in planning their audit and in assessing control risk for assertions of the financial statements of MIAOP user organizations and in planning the audit of the user organizations. This report was prepared according to guidelines contained in the American Institute of Certified Public Accountants Statement on Standards for Attestation Engagements No. 16, "Reporting on Controls at a Service Organization."

Testing of the controls was restricted to the control objectives and the related control activities, outlined by the PCG management in Section 5 of this report, which management believes to be the relevant key controls for the objectives stated, and was not extended to controls in effect at client or other service or subservice organizations.

The tests of operating effectiveness performed were based on the scope described in this report. It is each interested party's responsibility to evaluate this information in relation to internal controls in place for each client. If effective client internal controls are not in place or operating with sufficient effectiveness, PCG may not compensate for such weaknesses.

As part of the review of PCG controls, a variety of tests were performed, each of which provided different levels of audit satisfaction.

The combined results of these tests provided the basis for understanding the framework for control and whether the controls surrounding the operations that PCG represented in operation were actually in place and were operating effectively throughout the period from July 1, 2010 through June 30, 2011.

Controls

Tests of operating effectiveness of the controls included such tests as were considered necessary in the circumstances to evaluate whether the controls and the extent of compliance with them were sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period July 1, 2010 through June 30, 2011. Unless otherwise indicated, tests of the operating effectiveness of the controls were designed to cover a sample number of transactions and procedures, throughout the period July 1, 2010 through June 30, 2011, for the controls listed in Section 5, which are designed to achieve the

specified control objectives. In selecting particular tests of the operating effectiveness of the controls, the following were considered: (a) the nature of the controls being tested; (b) the types and competence of available evidential matter; (c) the nature of the control objective to be achieved; (d) the assessed level of control risk; (e) the expected efficiency and effectiveness of the test; (f) the testing of other controls relevant to the stated control objective. Where applicable, testing performed was accomplished through the use of computer-assisted audit techniques that provide for efficient testing of large volumes of items.

Test Descriptions

Gaining an understanding of the operations involves observing and following the flow of transactions through the system, discussions with PCG employees regarding the relevant processing functions performed and the controls applied, and reviewing documents and records as necessary. Such procedures were performed for all transaction processing areas and other significant control elements presented in this report. This process enabled us to gain an understanding of PCG's framework for control and to identify those controls that are necessary to effectively achieve specified control objectives.

Detailed Tests

Procedures to test transactions, balances or other items included inspection of documents and records, and reperformance. The detailed tests of transactions, balances or other items involved a haphazard selection of items from throughout the review period and included review of the processing of items for compliance with PCG controls. This testing was designed to assess the existence and/or effectiveness of certain controls.

System Control Testing

In connection with the testing of the internal controls pertaining to the MIAOP operations of PCG, we tested automated application system controls (e.g., edits/validations of data, system calculations, production of reports) through one or more methods including but not limited to:

- Obtaining evidence that the automated control is operating as intended through sufficient inquiry, observation, examination, and /or reperformance procedures during our walkthrough of the related transaction process.
- Observing actual production transactions process through the systems (e.g., transactions failing edit/validation checks).
- Recalculating system calculated balances manually or using computer-assisted techniques.

- Tracing transactions through the live production or test systems (which we validated to be the same environment as production) to appropriate reports.
- Reviewing client testing results of system changes prior to their migration to the production processing environment.

The types of tests performed on the operational effectiveness of MIAOP controls detailed in Section 5 are briefly described below:

Test	Description
Inquiry	<p>Inquired of appropriate PCG personnel. Inquiries seeking relevant information or representation from PCG personnel were performed to obtain, among other factors:</p> <ul style="list-style-type: none"> • Knowledge, additional information, and affirmation regarding the control. • Corroborating evidence of the control activity. <p>As inquiries were performed for substantially all PCG controls, this test was not listed individually for every controls listed in Section 5.</p>
Observation	<p>Observed the application or existence of specific controls as represented.</p>
Inspection	<p>Inspected documents and records indicating performance of the control. This includes among other things:</p> <ul style="list-style-type: none"> • Examination of source documentation and authorization to test propriety of transactions processed. • Examination of processed documents or records for evidence of performance such as the existence of initials or signatures. • Inspection of PCG system documentation, such as training manuals, organizational charts and flow charts.
Reperformance	<p>Reperformed the control or processing application to test the accuracy of its operation. This includes, among other things:</p> <ul style="list-style-type: none"> • Obtaining evidence of the arithmetical accuracy and correct processing of transactions by either recomputing the PGG computation or performing independent calculations. • Performance of system controls testing as noted above.

Financial Certification Form

MACS Claim Details, Version 2.04.

LEA	Michigan Demonstration LEA
LEA ID	012345
ISD-DPS	Michigan AOP ISD
Claiming Period	2008Q4

Unrestricted Indirect Cost Rate	25%
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Instructions: Please complete the shaded areas on this page. The remaining boxes will be filled in as you complete the workbook. Once you have completed this page, please complete all of the financial information required on the attached two spreadsheets. After completing the entire workbook, please e-mail the file to mlaop@pcsgus.com and fax this SIGNED sheet ONLY to 312-425-0565 - ATTN: MI Schools.

Date Submitted

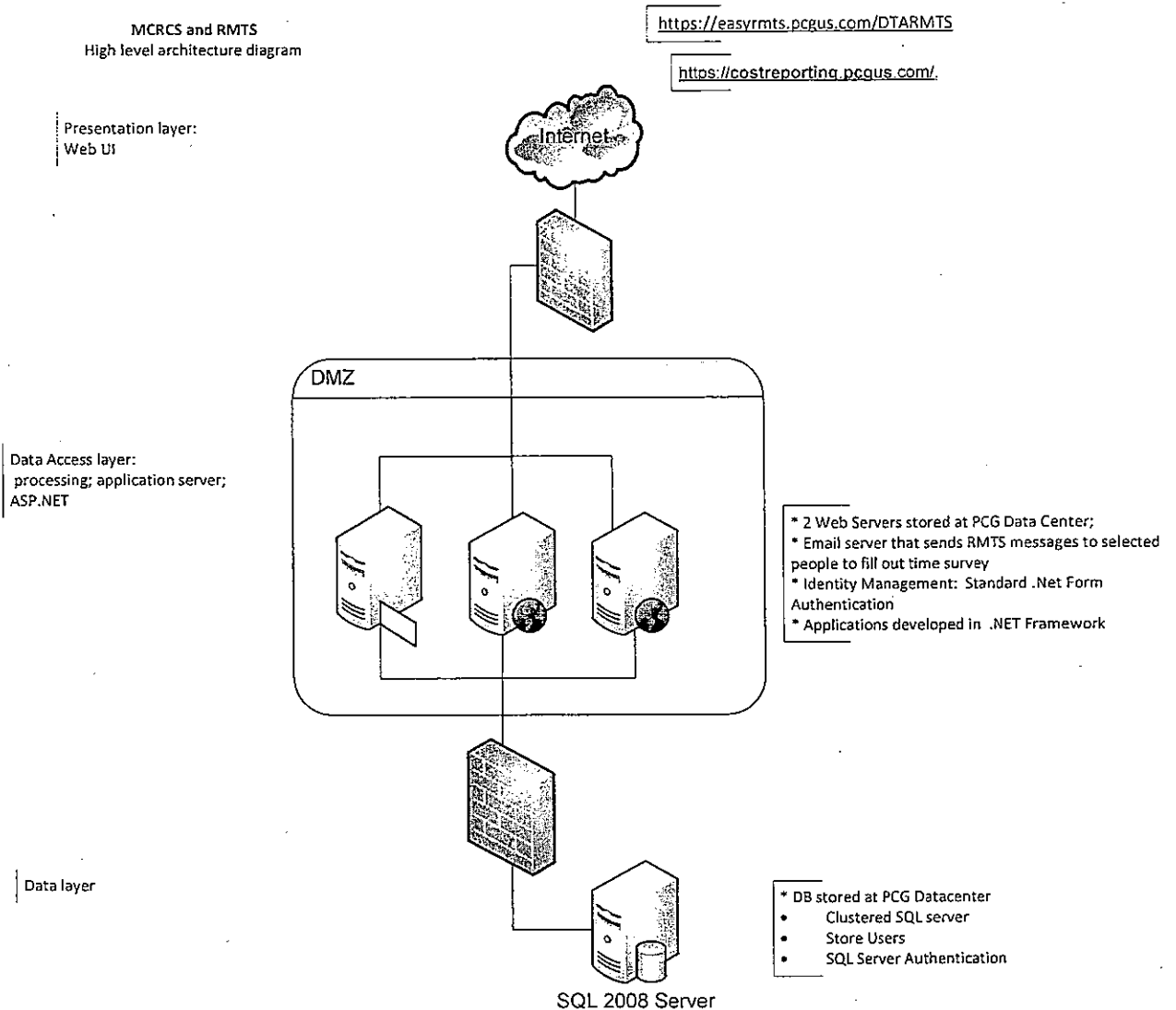
LEA ID	Count of Participants	TOTAL SALARIES	TOTAL BENEFITS	TOTAL CONTRACTED COST	TOTAL MATERIALS & SUPPLIES	TOTAL TRAVEL & TRAINING	DUES & FEES	TOTAL COST from WORKSHEET
012345	AOP Staff							
012345	Direct Service Staff							
012345	Case Manager Staff							
012345	Personal Care Staff							
012345	Support Staff -AOP							
012345	Support Staff -DS							
TOTAL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CERTIFICATION STATEMENT

I certify that to the best of my knowledge, the Administrative Outreach Program claim for the claiming period stated above represents actual expenses accumulated under the provider agreement with the Michigan Department of Community Health. The claim amount is solely related to our provider agreement with the Michigan Department of Community Health and does not duplicate any Federal claims for reimbursement. I have verified that the unrestricted indirect cost rate listed above is correct for the 2008-2009 school year.

Signature _____
 Name _____
 Title _____
 Date _____

PCG High Level Architecture Diagram



If there is a hardware failure on one server, the instances of SQL hosted by such server, it will failover to the other server. There will be a short (seconds) of outage. But the Web frontends should be about to maintain connection and there should be no data loss. Because each instance is independent, problems are isolated.

By using VMware with high availability, if one server (hosting multiple Virtual servers) fails or has performance problems the VM will move to another host.

Connectivity: The only external connection is thru HTTPS.

Internal connections are made directly to the server in question either by remote desktop or SQL management Studio. These connections and any changes are controlled by ITIL change management.